

The complaint

Mr H complains that The Royal Bank of Scotland Plc (RBS) was irresponsible in its lending to him. He wants all interest and charges on the loans refunded along with statutory interest, any adverse information removed from his credit file and an affordable repayment plan set out for the outstanding balances.

What happened

Mr H was provided with three loans by RBS, the details of which are set out below.

Loan	Date	Amount	Term	Monthly repayments
1	August 2022	£4,300	60 months	£109.18
2	October 2022	£7,000	63 months	£143.63
3	August 2023	£5,000	63 months	£125.05

Mr H said that RBS acted irresponsibly by providing three loans to him within a year. He said the total monthly repayments were unaffordable and contributed to him entering a debt spiral. He said he had an overdraft with RBS and a credit card which was at its limit (along with other credit card debt) and he thought that RBS should have realised he was struggling financially.

RBS issued a final response to Mr H's complaint dated 7 April 2025. It said that it used information provided by Mr H as well as information from the credit reference agencies and other third parties to carry out affordability assessments and it considered how Mr H managed the other accounts he held with it. It didn't think it had done anything wrong by providing the loans.

Mr H referred his complaint to this service.

Our investigator thought that RBS had conducted proportionate checks before providing the loans. He then considered the information received through the checks and found this showed the loans to be affordable for Mr H. He didn't think that RBS had made unfair lending decisions and didn't uphold this complaint.

Mr H didn't agree with our investigator's view. He reiterated that he was using his RBS overdraft and had credit card debt at the time. He provided further details of his debts and said this showed he was increasing his overall debts. He said the accumulation of debt repayments was unaffordable and led him into a debt spiral. Mr H said that stress and financial pressure caused by his debts has impacted his health.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue a decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr H was provided with three loans. Before the loans were given, RBS asked Mr H about his income and expenses. It validated Mr H's income using his current account data and carried out a credit search. Mr H declared a monthly income of £2,400 for loans one and two and £2,630 for loan three. The credit searches carried out didn't raise any concerns about how Mr H was managing his accounts, with no county court judgements or defaults recorded. RBS also said that it assessed how Mr H was managing his other accounts with it.

In this case, RBS had access to Mr H's current account data and so was able to validate his income and check his account management. Given this and noting that Mr H's credit check didn't raise concerns, I think RBS gathered a reasonable amount of information before the loans were provided.

However, just because I think the checks were proportionate, it doesn't necessarily mean I think the loans should have been provided. To assess that I have looked at the information received through the checks to consider whether each lending decision was fair.

Loan one: August 2022

Mr H was provided with a £4,300 loan which was in part (around £2,288) for refinancing a previous RBS loan with the remaining being additional lending. Mr H declared a monthly income of £2,400 and this was validated using his current account data. I have looked at Mr H's current account statements and can see these support his declared income. Mr H's credit checks showed he had around £550 of credit card debt. The cost of this was factored into the assessment along with the repayments for Mr H's other unsecured debts (excluding the RBS loan that was being repaid). An amount of £427 was included for Mr H's housing costs (slightly higher than the £400 he declared). Estimates were then used for Mr H's living costs and having looked through Mr H's account statements I do not find the amount of around £756 unreasonable. Deducting Mr H's costs, including the repayments for loan one, from his income left him with around £940 of disposable income. Therefore, I do not find I can say that this loan appeared unaffordable for Mr H.

As, based on the checks, the loan was affordable, and Mr H's credit file didn't raise concerns about how he was managing his commitments, I do not find I can say that RBS was wrong to provide this loan.

Loan two: October 2022

Mr H declared a monthly income of £2,400 and this was validated using his current account data. I have looked at Mr H's current account statements and can see these support his declared income. Mr H's repayments for his previous loan didn't raise concerns. Mr H's

credit check didn't show issues with no defaults or county court judgements recorded and while his credit card debt had increased to around £1,201, I do not think this was enough of an increase to suggest he was struggling financially. Mr H did have the previous RBS loan still outstanding but including this into his existing credit commitments resulted in payments for his unsecured debt of around £258. The amount included for Mr H's living and housing costs were increased from the amounts included in loan one. However, taking all of this into account still left Mr H with around £375 of disposable income (after the RBS loan repayments). Therefore, I do not find I can say this loan should have been considered unaffordable or there were other reasons why the loan shouldn't have been provided.

Loan three: August 2023

Mr H declared a monthly income of £2,630 and this was validated using his current account data. I have looked at Mr H's current account statements and can see these support his declared income. While Mr H had been managing his existing RBS and other credit commitments, given this was his third loan in around a year, I think that RBS needed to be confident that he wasn't overly reliant on debt or struggling to meet his commitments.

Mr H's credit check didn't raise issues about how he was managing his commitments and while his credit card debt had increased to around £3,987, I do not find I can say this was such that further lending shouldn't have been given. Mr H's total repayments to his unsecured debt were recorded as £312 and adding in the repayments due on this loan and repayments for his credit card debt, I do not find this was at a level where I can say he was over indebted, or the repayments accounted for an amount that meant this loan shouldn't have been given. I note Mr H's comments about his overdraft usage, but I do not think this was enough to say that the lending should have been considered irresponsible.

RBS included amounts for Mr H's living costs and his housing costs as well as his credit commitments and deducting these from his income along with the new RBS loan repayments would leave him with around £793 of disposable income. I note that the housing costs included were lower than had been included in October 2022 but even if the higher amount had been included, I do not find I can say this loan would have appeared unaffordable.

So, while I can see that Mr H was increasing his level of debt, I do not find at this point, I have enough to say that RBS acted irresponsibly by providing the loan.

So, for the reasons I have set out above, I do not find I can uphold this complaint.

I've also considered whether RBS acted unfairly or unreasonably in some other way given what Mr H has complained about, including whether its relationship with Mr H might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think RBS lent irresponsibly to Mr H or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 November 2025.

Jane Archer

Ombudsman